Black Eagle

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JUNE 1941 : No. 57 THREEPENCE

# LEFT

## WHAT IS WANTED:

ECONOMIC ORGANISATION FOR TOTAL WAR

An Outline Prepared by E. F. PENROSE, Economic Adviser, International Labour Office.

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## WHAT WE GET:

1. CAPITALIST SABOTAGE IN THE U.S.A. I. F. STONE (Washington)
2. CAPITALIST SABOTAGE IN GREAT BRITAIN

TWO FACTUAL INDICTMENTS!

●

## A NEW TECHNIQUE OF SOCIALIST ATTACK

An Introduction to this Issue

# AIM

**This journal has no policy narrower than the achievement of the classless society and the co-operative commonwealth. It offers itself as a forum for the public discussion of all those differences concerning methods and tactics which create divisions between and within the Parties of the Left. Members of the Labour Party, Co-operative Party, Independent Labour Party, and Communist Party, and socialists belonging to any or no Party, are invited to contribute to its columns.**

*Editor:* C. A. SMITH

ALL ARTICLES EXPRESS THE VIEWS OF THE AUTHOR AND NOT NECESSARILY THOSE OF THE EDITOR.

# CONTENTS


TOPICS OF THE MONTH :

New Technique of Socialist Attack .... .... .... 121

The Labour Party Conference .... .... .... .... 123

Will International Socialism Revive ? .... .... .... 124

ECONOMIC ORGANISATION FOR TOTAL WAR :
E. F. Penrose .... .... .... .... .... 126

CAPITALIST SABOTAGE IN THE U.S.A. : I. F. Stone .... 136

CAPITALIST SABOTAGE IN GREAT BRITAIN .... .... 140

R.A.F. REPLY TO JON EVANS .... .... .... .... 142

LETTER FROM F. A. RIDLEY .... .... .... .... 144



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T/SOR/22/7/12

TOPICS OF THE MONTH

# A New Technique of Socialist Attack

## AN INTRODUCTION TO THIS ISSUE

(*The views expressed in these articles are those of the authors and do not express an Editorial opinion.*)

SOCIALIST discussion is taking new forms. It has to treat old issues with much greater responsibility, and under entirely novel conditions. The propagandist for Socialism is no longer the man with the longest catalogue of capitalist iniquity nor the man whose finer emotions revolt against its injustice and human immorality. The best propagandists for Socialism to-day have to understand what is happening to Society to-day and to propose the necessary measures for the advance to Socialism, so that the great existing Movements of Labour can act intelligently and effectively.

In this connection the opinions of an individual count for less —far less—than the necessary access to vital social information. Our society is evolving new forms; in industry, in social welfare, in national finance and in personal custom and habit. It is of supreme importance that every active Socialist should be *correctly* informed of this process and take it into account in every discussion in which he participates.

With this in mind, we have prepared the present issue of *Left Forum*. It has become increasingly obvious to us that—if we may adapt Judge Rutherford's famous slogan—"many of those living are already dead," so far as any vital contribution to the future Socialist Movement is concerned. The hopes and aspirations of the old-age pensioners of International Socialism—and Communism—are not likely to affect the great social adjustments that are taking place to-day in all parts of the world. We feel, therefore, that it is far more important to concern ourselves with the new forces that are shaping the things to come. It is from these new and living forces that the International Socialism which has to reconquer and reconstruct Europe will find its strength and also its new organisational forms.

### WINANT'S POLICY

At the moment, one of the organisations which looks like playing an essential part in this formative development is the *International Labour Office*, which, since its sojourn from Geneva to

Montreal, has affected an extraordinary transformation under the guiding hand of its last Director, John G. Winant, the present U.S.A. Ambassador in London. The part which the I.L.O. has to play was stated by Winant in a message to the *International Labour Review,* the organ of the I.L.O., on the occasion of transference to Canada. In this message Winant wrote:—

*"Without social justice there is no lasting peace. The I.L.O. is continuing with this conviction in mind . . .*

*Its primary objectives remain:*

*(1) To attain a higher standard of living for the entire working population, with increased production and enlarged and adequately distributed purchasing power.*

*(2) To assure employment and to realise a greater degree of social security for the men and women of all countries.*

*(2) To perfect a concept of economic and social democracy as a necessary supplement to political democracy.*

*To-day the defence of every country rests ultimately upon the strength of its social structure. It is the duty of the I.L.O. to help to formulate a practical social programme that will assure to the people recognition of their needs and to each member country sound social and economic institutions. The Office will attempt to assemble as complete a documentation as possible for the peoples who will rebuild the social order."*

The documentation of which Winant speaks is being steadily assembled by the I.L.O. Unfortunately, it reaches only a small fraction of our Labour Movement. It is usually published in the *International Labour Review,* for the close study of which many of our readers have neither the time nor the means. We are therefore printing in this issue of *Left Forum* a careful summary of one of the recent investigations by the Economic Adviser to the I.L.O. dealing with the Economic Organisation for Total War, with particular reference to the workers. Its close study will be amply repaid and the need for the application of its conclusions to current Labour politics will be doubly emphasised by the two articles which follow it.

## CAPITALIST SABOTAGE

One deals with capitalist sabotage in the U.S.A. and the other with capitalist sabotage in this country. These three articles, presenting as they do the considered recommendations of one of the heads of the International Labour Office at the time when he was closely working with the present American Ambassador, together with two factual pictures of what is actually happening under capitalist control here and over there, make up one of the strongest arguments which the Socialist can advance as propaganda and also employ as an instrument of action.

The short comment on the Labour Party Conference which we insert here completes the picture. It is becoming daily more apparent that while, of course, Socialists will have to continue to

agitate and concern themselves with daily domestic issues, they will also have to take the political initiative in the far greater sphere of international politics and economics. The day of declamation and hazy generalisations is drawing to a close. We need the tools such as are forged by the I.L.O. and the information contained in these articles. Once again we break new paths in *Left Forum*. They may lead us to our Socialist goal sooner than we anticipate.

## LABOUR DROPS ITS MASK !

The mask is off. On the outwardly dull first day of the Labour Party Conference, the true Labour Movement revealed itself. It was something quite unlike any of the pre-conceptions —friendly or unfriendly—and it did not fit anywhere into the "scientific" theories of the rôle of Social-Democracy.

Of course, here and there the old Adam revealed himself in his pristine idiocy. Mr. J. Walker, M.P., who delivered the opening address as Chairman of the Labour Party, publicly blamed the whole German people for the Nazi Dictatorship and ridiculed the desire for an intimation of the Peace Aims for which this war is fought. In more private surroundings Mr. Walker succeeded in having references to co-operation with German Socialists deleted from the Executive Report. But Mr. Walker was hardly typical of the conference, and his speech will reflect more on his Socialism than on that of the conference.

It would therefore be quite wrong to put this considered backwardness of one old man out of focus. What was so much more important was the way in which the conference dealt with the matters before it on that first day. Four main topics were considered: Control of Industry and Food; The Ministry of Information; The Means Test and Old Age Pensions; and inner Party Democracy. The growl of dissatisfaction with the Government's record in these matters (and, by implication, of the responsible Labour leaders) grew steadily and emphatically. The Executive had nothing to reply, and resorted to the age-old tactics of accepting their critics' argument and assuring that they were criticising even more. The "question is constantly under review," delegates were assured by every Executive speaker, but the conference gained a very definite understanding that, on questions of home policy and social welfare, and also on the bigger question of Socialist measures to conduct the war more efficiently and effectively, the Platform was very much on the defensive.

## SIGNS OF HOPE

What the visitor in the gallery could not help observing was that in this conference the delegates were politically well ahead of the Executive. They showed a far greater understanding for the issues of the war than did the Platform. As the day

advanced it became ever clearer that these representatives of the Labour Party, coming from every part of the country, were more urgent in demanding immediate SOCIALIST measures and more confident that it could be done and that they could do it, than they have been ever before. And at the same time they expressed their recognition that this was necessary both to win the war and to win the peace, and that the inactivity of their Governmental representatives was giving time to their political opponents in the constituencies and the vested interests in industry to dig themselves in and to make Labour's future task so much more difficult.

The big debate introduced by Attlee fell very flat. Attlee showed neither the strength nor his close link with the Labour Movement, both of which he had emphasised at Bournemouth last year. His speech never rose beyond what a hardened visitor described as an anthology of platitudes, and the debate which followed was worthy of this opening. With two or three exceptions, the speakers in the War Debate were the old trade union hands. In general their contribution was trite and unimaginative, but they made two points with great strength and these may yet be very important. There was a very significant emphasis against any compromise peace and the incidental reference by Charles Dukes of the Municipal Workers to need for taking control of vital industries out of the hands of the owners and replace it with that of the workers greatly enthused the Conference and showed clearly where its sympathies really lay. But the real drive, understanding and power of the Labour Movement is to be found among its local leaders and not among the national heads. It makes the need for a change at the top at once more urgent and more hopeful. This change may be hastened by the encouraging change in the composition of the Executive. Wilmot and Wall go and are replaced by Jim Griffiths and Oppenshaw, and Susan Lawrence is replaced by a 30-year-old school-teacher, Miss. A. Bacon.

## WILL INTERNATIONAL SOCIALISM REVIVE?

It is high time that one other aspect of Socialist policy was brought back into the focus of discussion. Socialist Internationalism is bound to play a big role in the future of the war in spite of the disrepute into which it has fallen because of its practical futility in the past. But its role in the future will have little in common with the great Conferences and empty orations of the bygone years. It will also be something more than simply preparing itself and its plans for the Peace Conference.

Whether International Socialism will die or whether it will be revived will be decided not by any amount of artificial respiration, but by the part which it plays in the defeat of Nazism. If it becomes merely a more cultured sounding-board for the aspirations of our rulers and shares its methods and policies, then the

future of international socialism, however sonorously and piously declared, will be as unreal as its past, and the scoffing of Orwell and Crossman will be justified.

The role of International Socialism to-day, it seems, is to act as a channel for action and not as a self-appointed leadership. Theoretically, this view will find widespread acceptance, but in practice it will call for far greater and detailed organisation in conjunction with the Labour Party and the Unions here and in America. It, above all, will have to bear in mind that while revolutions cannot be made to order, they, in Ernest Bevin's recent words, can and must be directed if they are to be not merely destructive.

The means and methods of International Socialism must obviously undergo a revolutionary change. First of all, it is clear now that Socialists do not scoff or repudiate that healthy nationalism which Orwell describes in his *Lion and Unicorn* and on which theme Hirschman wrote in the April issue of *Left Forum*. We recognise differences of outlook and interests and we know only too well that these will not be solved or liquidated by imposing Conferences resolving that they do not exist. They do exist and they do necessitate restatement and it is therefore gratifying that Victor Gollancz has started an *International Socialist Forum* as supplement to his Left Book Club organ, *The Left News*, where the representatives of the different parties will be able to discuss their problems among themselves.

We hope, however, that they will deal too with this vitally important problem of organisation. We need to develop something in the Labour Party that is akin to the Foreign Office in purpose: to have constant contact and exchange information and decide common action with our class comrades in all parts of the world. The Foreign Office does this extremely well— for its own class! We need it urgently in the U.S.A., in India, in Australia and among the people who will help to shape the future of Europe and of Africa: not among the ghosts of the past.

JON KIMCHE.

E. F. PENROSE. Economic Adviser of the I.L.O.

# Economic Organisation For Total War

*The object of this article by the Economic Adviser of the International Labour Office (I.L.O.) is to outline the general principles of economic changes arising out of the adoption of a war economy, with special reference to the welfare of workers.*

* * *

In war the production of goods designed to serve constructive ends is displaced in part by the production of goods designed to serve destructive ends. This brings losses to the workers, many of whom, in spite of modern improvements in technique, are still unable, even in peace-time, to buy enough food, clothing, and housing accommodation to maintain themselves and their families in a state of physical and mental efficiency.

It does not follow, however, that it is always contrary to the interests of the workers to wage war. The Labour Movement has never favoured peace at any price. The maintenance of international peace is in the interest of the workers so long as it involves no threat to the preservation of the social, economic and political gains which they have made in the past, and to their opportunities for the extension of those gains in the future. But when faced with alternatives of war or the acceptance of a régime in which there is no place for freedom of speech and of association and the rights and liberties inherent in democratic political systems, and on which the survival of trade unions, co-operative societies, and political labour parties depends, the workers are following the best traditions of the Labour Movement in turning all their energies into waging war with maximum efficiency.

The organisation of a whole nation for war is such a complicated problem that general principles are apt to be lost sight of in a mass of detail. It is of the greatest importance, therefore, that in democratic countries the average person shall obtain a clear view of the fundamentals of war economy, so that he is able to grasp the reasons for sweeping measures involving great individual sacrifices, and to view with critical judgment measures and forms of organisation inadequate for the objectives in view, or inequitable in respect of the distribution among various groups of the unavoidable total sacrifices involved.

## CHANGES IN PRODUCTION IN WARTIME

Thus war necessitates rapid and extensive changes in the proportions in which various commodities are produced. These changes require the swift transfer of productive factors from the production of goods in response to the effective demand of consumers in peace time to the production of goods in response to Government demand in war time, and designed to assist the armed forces to achieve victory on the battlefield.

The collection of commodities that appears likely at the outset to contribute most to success in war depends in part on the estimated duration and nature of the war. This will be determined by the technical conditions of warfare at the time and by the relative positions from which the combatants start. *The actual duration of the war will be determined largely by the plans, and the execution of the plans, formed by the combatants on the basis of their estimates of the probable duration of the war. In other words, the time the war will last will depend partly on how long those in charge of operations think it will last.* This does not mean that the actual duration will necessarily be close to the estimated duration. The estimates made by the opposing sides often do not agree; they are least likely to agree when at the outset one side is far more prepared than the other.

Thus, 1939, the Nazis anticipated a short, and the British and French a long, war. Indeed, the relation between the estimated and the actual duration of a war is often extremely complicated. There appeared to be grave danger in July, 1940, that the plans made by the British on the assumption that the war would be a long one might actually lead to its being a short one. At the moment of writing this danger appears to be passing, and with its passing the probability that the present war will be a long one is restored.

## CHANGING TECHNIQUES OF WARFARE

Changes in the technical conditions of warfare have to some extent changed the effects of war on the position of the workers, both during the period of preparation for war and during war itself. During periods of armed peace the most recent methods of warfare necessitate the diversion of a larger proportion of the national capital, especially in manufacture and construction, to armaments than was formerly required. Each man engaged in the fighting forces on land, sea, and in the air, has to be provided with more elaborate and more expensive machines than before. It follows, therefore, the up-to-date preparations for war involve a greater reduction in the real income and the standard of living of the community below the levels which could be attained in the absence of armaments than that which was necessary in the past under cruder methods of warfare.

This has contributed to the advantages of the aggressors in

the present war. In Germany, Italy and Japan, reduction in standards of living were imposed by rulers seeking territorial expansion. The masses in the democratic countries, however, were reluctant to sacrifice hard-won gains in living standards to prepare for war on an adequate scale, and in some cases politicians feared that outspoken advocacy of drastic increases in armaments, on a scale which would affect living standards, would alienate the electorate. Consequently, when war broke out the amount of equipment and machinery per soldier was much higher in Nazi Germany than in the democratic countries.

*The rise of "total war," as well as the increasing complexity of modern economic organisation, threatens—and in some cases has destroyed—democracies too slow to organise their economic activities on a war basis.* The concept of "total war" is not wholly an economic concept. Of course, economic organisation had its place in the schemes of the earlier advocates of total war. But they laid greatest stress on conducting diplomacy and waging war unhampered by ethical restraints and humanitarian sentiment, violating treaties whenever the power of the State could be increased by so doing, and adopting ruthless tactics towards enemy civilian populations as well as armies. However, the increasing complexity of the economic order, arising out of an increase in specialisation in productive and distributive processes and in the number of commodities required for war purposes, has made the preparations for and the conduct of war increasingly dependent on thorough economic organisation. Strategy and diplomacy aimed at aggrandisement by the methods of total war are dependent on the strength of the military machine, and this in turn is dependent on elaborate economic organisation. Nazi Germany appears to be the first country to have adopted on a thorough-going scale, well in advance of actual war, the methods of total war in the economic sphere.

## THE PROBLEM OF "BOTTLENECKS"

Methods of warfare change with changing technique, and the demand for technicians and skilled workers is greater in this than it has been in any previous war. The world depression affected the supply of skilled labour by reducing the numbers entering various trades. But even without this, special measures would be necessary to train rapidly a large supply of various kinds of semi-skilled and skilled labour to meet the needs of expanding war industries. The combinations of different types of labour change with changing technique, and differ in the production of different types of products. The outbreak of war sharply changes the relative demands for different types of skill.

*Therefore, the main labour problem of a war economy is to produce the maximum quantity of that collection of commodities which is required for war purposes and for the maintenance of*

*the health and efficiency of the population, with a smaller supply of labour than is available in peace time. To make up in part for the reduction in the supply of labour, more persons, especially women, not gainfully occupied, are drawn into industry, agriculture, and transport services, or no services. The length of the working week is increased, and fixed plant is used more continuously than in peace time.*

## WORKING HOURS AND SHIFTS

In times of emergency there is great danger that what appear to be the simplest methods of increasing output will be adopted in uncritical fashion. Indiscriminate lengthening of hours of work may defeat the purpose for which it is adopted. Clearly the criteria which should determine the length of the working day are different in war time from what they are in peace time.

In peace time, if no external menace is threatening, the criteria will include not only the effect of hours on output, but also, after a certain output is reached, the relative social desirability of additional output and additional leisure. During total war, or when total war is threatening, the relation of hours to output should be the sole criterion. But this must be interpreted for the most part with reference to the long run—that is, the long run from the point of view of the war. *Apart from short-run crises during the war, the aim should be to fix working hours at the point which is most favourable to continuous output over the whole war.** In striving to achieve that aim, it should be understood that absenteeism, due primarily to sickness and lower vitality, will eventually nullify short-period increases of output when working hours exceed the optimum point. Moreover, the optimum working day and working week differ considerably with differences in the type of work performed.

These reservations are by no means intended to deprecate all increases in working hours in war time. On the contrary, when most unemployed factors have been drawn into use, increased working hours become necessary in many industries in conditions of total war or preparation for total war. Such increases, howshould not be made impulsively or indiscriminately, but on the basis of careful consideration of their probable effects on output and health, and the establishment of machinery to check these effects from time to time.

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*It is unfortunate that in recent months many popular writers and speakers have indulged in loose, sweeping assertions with reference to the alleged effects of the shorter working week in France during the period in which Mr. Leon Blum was Premier. These assertions have been passed from person to person with scant reference to the data on which they are based and with little understanding of the great difficulties that face even the trained investigator who sets out to investigate the effects on output of changes in working hours when many other changes affecting output take place at the same time. The subject is one for scientific investigation rather than for partisan politics.

greater efficiency can be attained in war time, for many workers of little experience are drawn into productive activities, transport costs are raised by military use of road, rail and sea routes and increased dangers on the seas, and less provision is made for renewal of productive equipment.

But sooner or later all the democracies will have to face the necessity of restricting consumption among the civilian population. With some reservations, it may be said that in war time thrift takes its place once more among the virtues.

*In no circumstances, however, should indiscriminate reduction of consumption be preached or practised in war time. At all stages of development of the war economy the risks of indiscriminate reduction of consumption are greater on the side of consumers' welfare than they are at any stage from the standpoint of the proper utilisation of productive resources.*

The maintenance of the health and the physical and mental efficiency of the population should rank among the leading objectives of economic organisation in democratic countries in war time. The standards of consumption of basic necessities needed to maintain full health and working capacity are much higher than is commonly realised, and, left to themselves, most people are quite content with qualitatively inadequate levels of consumption, especially of foodstuffs. Though man cannot long survive without food, shelter, and clothing, he can survive for a considerable time on quantities much below those needed to maintain him in maximum health and energy over the span of life.

## INFLATIONARY FINANCE

The attractions of inflationary finance to a Government waging war are that it does not necessitate large immediate increases in taxation, and that it places financial resources promptly at the disposal of the Government. It has also been maintained that opportunities for some degree of profiteering supply a necessary incentive to business men to maximise production. But this seems open to serious question. Inflation brings to entrepreneurs extra profits which do not necessarily correspond to extra skill or enterprise on their part; thus waste and inefficiency are encouraged. *Moreover, the doctrine that business men must be given greater real incomes in the national emergency when the real incomes of the workers are reduced is not likely to commend itself to the community as a whole.*

Thus, on balance, the case against inflationary finance is overwhelming. Of all methods of war finance, it bears most hardly on lower income groups and favours the profiteer more than any other group in the community. Unfortunately, however, inflation does represent a line of least resistance and removes the immediate necessity of explaining the hard realities of war-time economic necessities to the whole community. If all other methods are rejected, or are accepted only on an inadequate scale, inflation must be practised.

## RATIONING

Nazi Germany has gone far in rationing, but no country has yet gone so far as to adopt a system of universal rationing in which consumers' choice is completely abolished. In war time it is inevitable that consumers' choice will be extensively restricted. But in a long war the complete abolition of consumers' choice would almost certainly affect morale adversely, and the administrative technique and planning necessary to ensure smooth working of a system of universal rationing would be extraordinarily complicated. Fortunately, other measures can be adopted which will leave considerable room for consumers' choice and at the same time effect the necessary restriction of consumption. Financial and fiscal measures for restricting the amount of money income left over for expenditure on consumption goods can be greatly aided but by no means entirely displaced by rationing.

## TAXATION AND SOCIAL JUSTICE

The application of taxation to war finance should be based on two principles. First, incomes below the minimum amount necessary to purchase a specified standard of consumption goods should be exempted. Second, above this minimum, the higher the income of the individual, the more should his previous consumption of goods and services be restricted. Difficulties arise regarding the question, how much more consumption should be restricted the higher the income. On grounds of equity, the entire amount of very large incomes above a certain point should be taken. This will not restrict consumption by a corresponding amount, since part of the excess would no doubt have been placed in war loan. *But loans made by higher income groups affect distribution adversely in the post-war period, and the more it is possible to take in taxation from these groups, the greater the degree of equity in war finance.*

Why, then, should not the entire restriction of consumption needed in war time be effected by raising income tax rates? In general, as the following representative statements show, the answer to this question has been comprised in an answer to the broader question why war should not be financed entirely by taxation.

> **By Geoffrey Crowther** ("Paying for the War"): It is, in fact, humanly impossible to finance a totalitarian war entirely out of taxation.
>
> **By A. C. Pigou** ("The Political Economy of War"): . . . in a war on a great scale, it is generally agreed that a policy of finance through taxation alone, however excellent it might be in theory, is in practice out of the question, for the simple reason that people would not stand it.
>
> **By E. F. M. Durbin** ("How to Pay for the War"): The instrument of taxation is therefore simple, equitable and safe. But there is, as everyone knows, one weighty argument against it. It would be an extremely unpopular method of financing the war . . . the fact remains

that no serious student of the public mind supposes that we should be willing to see the stupendous increase in the rate of taxation that would be necessary if the war were to be financed wholly from this source; and no one can therefore suppose that we shall attempt to do it."

The implications of these statements are clear: they mean either that the public prefers to be fooled by inflation or that it is willing to lend what it is unwilling to give for the conduct of the war.

Sales taxes are even more undesirable than excise taxes. Once imposed, they are extremely difficult to remove, for they offer an easy means of raising large sums—at the expense of the workers' standard of life. Over a wide area in North America, the sales tax has inflicted and continues to inflict substantial injury on the workers. It has provided a means by which high income groups have succeeded in escaping their proper share of taxation. Not even the advantages which it has in promptness of collection should commend it to belligerent countries desirous of maintaining ideals of social justice.

*Thus it is clear that the income tax should be the mainspring of war finance and should promptly be increased to hitherto unknown and unthought-of heights during war. Large sums cannot be raised by other forms of taxation without distributing the burden in an inequitable manner as between different income groups and encroaching on necessities, thus damaging health and morale.*

## CONCLUSION

The workers are at present engaged in a war, the outcome of which will decide the future of labour and democracy not only in our time but for generations to come. They must overthrow the Nazis and Fascists whatever the cost if they are to preserve the most important gains which they have made since the downfall of the feudal system. Consequently, efficient economic organisation for war is the main problem facing organised labour at the present time.

The menace of total war, as practised by Nazi Germany, can only be met successfully by striving to mobilise for war all the convertible resources that remain after the needs of personal health and efficiency have been met.

Social justices should not be lost sight of even in war emergencies. In some countries, at least, the effects of the system of taxation in vogue on the eve of the war were to aggravate inequality of income.

To carry out these measures, or indeed, war measures that fall far short of these standards, greatly increased powers have to be given to Governments. Governments should be made widely representative and should include labour leaders chosen by the workers. Provided this condition is fulfilled, there are no adequate

grounds for the view that democratic institutions would be prejudiced by the grant of adequate powers to Governments to wage total war against aggressor countries. *Provided that it is equipped with reasonably adequate material weapons against external aggression, democracy is a hardier plant than many of those who give it lip service would have us believe.*

Aggression in Western Europe and the Far East has brought millions of workers under the domination of alien rulers. If this "new order," already established over most of continental Western Europe, were firmly entrenched there and extended to the rest of the world, as its creators desire it to be, the gains made by the Labour Movement in one hundred and fifty years of struggle would everywhere be lost overnight, and the workers of the world would sink back into conditions of serfdom from which it would be even more difficult for them to emerge than it was for their ancestors to strike off the chains of the feudal system.

*This must not be. There will be no want of individual courage and determination not only to frustrate these attacks but to drive forward to an order in which social justice will be more widely realised than it was in the pre-war order. Let us see to it that the courage and determination of individuals are backed by such thorough economic organisation in the service of democracy that success is assured.*

## MORE ABOUT THIS ARTICLE AND THE I.L.O.

The above article appeared in the October-November, 1940, issue of the *International Labour Review* and was about four times the length of our shortened version. Readers who wish to study the original can get copies from Allen & Unwin, 40 Museum Street, London, W.C.1, at 2/8 per copy post free.

We wish particularly to draw the attention of interested readers to this monthly publication of the I.L.O. It is at present probably the only international organ which carries full and reliable reports on working conditions and Labour Movements throughout the world.

Recent issues contained f.e. reports on Social Policy under the Nazis (February, 1941); Indian Labour in the West Indies (February, 1941); T.U. Movement in France, Rumania and Spain (April, 1941); War-Time Policies in British Colonial Dependencies (March, 1941), and reports of many important Labour and T.U. conferences.

I. F. STONE

# Capitalist Sabotage in the U.S.A.

*Washington, April 28*

WALTER LIPPMANN suggests that we ought to take over the Azores. I think we ought to take over Detroit. Our confidence in our ability to wage a successful war stems in large part from the knowledge that we possess the world's greatest mass-production industries. The automotive industry is the outstanding example. But it is not enough to have these industries. It is necessary to use them. We cannot fight a war with convertible coupes or overawe a Panzer division with a brigade of statistics on automobile sales. The problem is to turn existing mass-production facilities as rapidly as possible to the production of armament. We are fumbling that problem, and we have no time to fumble. Let us look at the record of the automobile industry, the industry with which William S. Knudsen is most familiar, the industry he should find it easiest to mobilise for defence.

On April 17 Mr. Knudsen called in the press and announced, with great satisfaction, that his industry had "willingly accepted an initial 20 per cent. reduction" in the production of automobiles to make available more man-power, materials, facilities, and management" for defence. The next day the newspapers carried the story of another sacrifice by the industry. This came in the form of a letter from Knudsen's former employer, Alfred P. Sloan, Chairman of the Board of General Motors. Mr. Sloan wrote that in the interest of national defence General Motors would give up its 1943 models—not its 1942 models but its 1943 models. "In this crisis," said a full-page advertisement placed by General Motors in our leading newspapers that day, "every hour counts. Every hour moves us closer to the day when defence materials will flow to our embattled friends in Europe in volume enough to swing the scale." So passionate is our devotion to their cause that we will do without new car models—year after next.

It is hard for a newspaper to look a full-page ad. in the mouth, and these statements of sacrifice were not examined too closely. One notes first that the 20 per cent. reduction in the output of cars applies not to the current production season but to next year's. One notes next that this year's production, which will probably end in June, will be one of the greatest in the history of the industry. Only two previous years, 1929 and 1937, topped the 5,000,000-car output which will be achieved this year. While we are promised a 20 per cent. reduction next year in the interest of defence, this year's production will be 20 per cent. above last year's. In the midst of the greatest defence emergency in our history, the

automobile industry increased the production of cars by 20 per cent. Its facilities were mobilised, not for the production of armament, but to take advantage of the market created for automobiles by defence spending. Now, as a "sacrifice" for defence, it is reducing its production schedule for 1942 from the 1941 boom level to the more normal 1940 level. *C'est la guerre.*

These announcements of sacrifice are confessions of short-sightedness and greed We are told, to impress us with the magnitude of the contribution the automobile industry will be making by its 20 per cent. cut in next year's production, that this will save many metals in which shortages are developing: 5,000 tons of aluminium, 54,700 tons of lead, 18,200 tons of zinc, 4,796,000 pounds of nickel, 26,400 tons of copper, 1,437,000 tons of steel, much of it the high-grade alloys so important to defence. Aluminium represents our most serious shortage, and airplane production lines are already slowing down for lack of it. If a 20 per cent. cut under this year's automobile production will save 5,000 tons of aluminium next year, the automobile industry this year must be using five times 5,000 tons of this precious metal. Multiply each of the other figures by five and you get some idea of the extent to which this year's boom production of cars is hobbling defence.

## STEEL GOES SLOW

Informed circles in both the steel and automobile industries were surprised only that the 20 per cent. reduction announced was so small and had been so long delayed. I quote two sources not conspicuously critical of either industry. "It has been known for some time," said a dispatch to the New York *Times* from Pittsburgh on April 21, "that automotive centres were producing at as good as full capacity in order to build up a backlog of finished cars against the day when production actually is curtailed because of the press of national-defence activity. *It has been this accelerated tempo of production by the automotive industry that taxed to the utmost the steel industry's facilities for the production of bars and sheets and strips.*" The italics are mine. The same day David J. Wilkie, automotive editor of the Associated Press, reported from Detroit, "Some of the producers admit they have been thinking in terms of a curtailment of 33⅓ per cent. or more." Knudsen had actually asked his old associates of the automobile business for a smaller "sacrifice" than some of them were prepared to make.

## CARS MEAN PROFITS

Mr. Sloan's first-quarter report this morning reveals the leisurely tempo of General Motors' work for defence. I can find no figures on total sales last year in this or in the last annual report, but some elementary arithmetic shows that the total defence sales of General Motors last year was less than $60,000,000.

Its net earnings before deduction of income and excess-profits taxes last year—the greatest in its history—were over $320,000,000. In the first quarter of this year defence sales were almost $50,000,000—out of total sales of $65,000,000. Not until "well into the third quarter" would General Motors begin to produce in quantity for defence. Mr. Sloan explained that this was because "by far the greatest number of projects" on which the company is engaged for defence involve the erection and equipment of new plants. Had the automobile industry been required to turn existing equipment to defence purposes it would have been unable to turn out 5,000,000 cars in the space of about seven months, as it is now doing.

The automobile industry has been careful to keep defence from interfering not only with business as usual but with better-than-usual business. "The bulk of defence work assigned to the motor-car industry," the Associated Press explained from Detroit on April 12, "has so far been done in its engineering laboratories and in new plant construction . . . *This explains to some extent how the industry has been able to roll out so great a volume of new cars and trucks during the last six months*" (my italics). It may also explain why the industry has never been willing to give the Reuther plan a fair hearing.

## ADVERTS. CAN'T BLUSH

The industry has ignored not only the Reuther plan but its modified version, the Knudsen plan, because the latter would also have interfered with capacity production of automobiles. It was announced in October that after a plea from Knudsen—who had heard of the Reuther plan the month before—all the major automobile manufacturers had formed an Automotive Committee for Air Defence to pool their machine-tool and stamping equipment for the production of the wing and body parts of 12,000 bombers. This programme has since been quietly abandoned. Instead, the Government is financing the construction of new plants for Ford, General Motors, Chrysler, and Hudson-Goodyear. The bomber parts are to be built in these new plants instead of with existing automotive equipment. Under the bomber programme General Motors was to supply parts for the new North American Aviation assembly plant at Kansas City. It was to, and eventually will, supply from 50 to 60 per cent. of the parts needed. I notice that North American's annual report says, "Actually, however, North American will have to do much of the manufacturing itself, until the automotive industry can carry its share."

If Knudsen had forced the automobile companies to carry out the programme to which they were pledged, General Motors would have begun the task of making these parts seven months ago. "In this crisis," said the General Motors' advertisement, "every hour counts." It is a good thing that advertisements can't blush.

## TICKING OFF LIVES

Knudsen can look a blueprint in the eye without flinching, but he gets bashful when he talks to Alfred P. Sloan. New models require machine tools. "Machine tools," as Secretary of the Navy Knox said last week, "are the critical item in nearly all cases of plant expansion, and the speed with which quantity production can be started is governed very largely by their availability." Machine tools require design and manufacture. Sloan's letter giving up any new models for year after next says this will release "a very considerable amount of managerial and technical talent that could be diverted to production and engineering problems in national defence." He also said, "We spend on an average model change from $35,000,000 to $40,000,000. This involves tooling, almost entirely. Probably 90 per cent. of this capacity could be diverted to defence purposes. In terms of production, there would be involved approximately 15,000,000 man-hours." He was talking here not of the entire industry but of General Motors alone. This means that the entire industry would probably have saved about three times that much labour—the most highly-skilled kind of labour—had it decided last year to abandon 1942 models. It is interesting to compare this figure with the 52,000,000 man-hours—most of it unskilled—which were lost in all industry last year through strikes. *The automobile industry's insistence on 1942 models cost the defence programme almost as much in man-hours and more in terms of skill than all last year's strikes put together.*

One of the points made by Reuther when he outlined his plan to Hillman last August was that the machine-tool bottleneck could be eased if the automobile industry were forced to make its private machine-tool facilities available for defence. Half the machine-tool capacity of Detroit is in the captive automotive tool-and-die shops. It was Knudsen's duty last fall to force his colleagues to abandon new models and turn these facilities over for armament production. The newspapers thought that was what he meant when he said to the automobile manufacturers last October, "If you gentlemen figure you are going to need a lot of machine tools in order to carry out your American way of life, you had better take another look." I think we had all better take another look at Knudsen. I want to suggest now that on the basis of this record Knudsen ought either to turn in his resignation and go back to Detroit or take a subordinate job where his real abilities as a production man could be utilised without requiring him to exercise the policy-making decision of which he has shown himself incapable. He is a very nice man, but this is no time for sentiment; as the General Motors ad. says, "every hour counts." The clock of the defence programme is ticking off not only minutes but lives.

*(Published by courtesy of the "New York Nation.")*

A T.U.C. COMMENTARY

# Capitalist Sabotage in Great Britain

For the capitalist the difference between the economic problems of War and Peace is the difference between a gold and a silver lining. War breeds millionaires as prolifically as garbage breeds flies, and once you have read the Reports issued from time to time by the Select Committee on National Expenditure, you no longer wonder why.

A good example of the kind of thing that is going on is afforded by No. 7 of the series, which in four pages deals with the construction of factories.

The Select Committee's sub-committee on Supply Services describes, in this document, a visit to the site of an extensive factory being constructed under the supervision of the Ministry of Works and Buildings. The completed scheme, it is stated, will cost something in the neighbourhood of £12,000,000, an indication that it probably interests a lot of people who, but for the "blitzes," would still be living in the neighbourhood of Park Lane.

For operational purposes the scheme has been divided into a number of units, each of them the subject of a separate contract: *"There were, in fact, several contractors simultaneously at work."*

Three officials of the Ministry were on the site: an architect, a civil engineer, and a mechanical and electrical engineer. *"Each had his own staff, and was responsible for the supervision and completion of his own specialised section of the work. The architect and civil engineer reported to the Ministry's chief architect in London, and the mechanical and electrical engineer to the Ministry's chief engineer also in London. Neither on the site nor at headquarters in London was there any one man charged with the full supervision of the scheme as a whole. The only cohesion in the local control was that which could be obtained by the three officers meeting together."*

*"Another cause of delay is the difficulty of ensuring the receipt at the right time of materials and machinery."*

The sub-committee suggest that a greater degree of decentralisation is needed. *"At the present time all contracts for building work are placed by the contracts branch in London. Difficulties on the site and suggestions for improved and more economical working are reported to a department rather than a man. It appears to the sub-committee that delays would be much reduced if the various buildings, now under course of construction, could*

*be arranged in groups according to their nature, each group having its own administrative, finance and contract officers.*

*"If the case quoted above had been placed under such a small decentralised directorate, the officers concerned would not only have been fully employed, but, freed from the competitive interference of problems relating to other equally important buildings, they would have been able to devote individual attention to essential detail. The sub-committee are aware that such a proposal is quite contrary to the established practice of the Ministry, but they suggest that some reorganisation in this direction is worthy of the closest consideration."*

## CONTRACTING METHODS

The Report points out that the necessity for speed in the placing of war-time Government contracts, together with the nature of the work to be done, inevitably led to the abandonment of the open tender system, and to the choice of contractors from a selected list of known firms. (There are not wanting instances, of course, of firms which, in the course of these transactions, have become even better known.)

It was inevitable, says the Report, that many firms, previously unknown to the Department, would be left out of consideration, owing to the impossibility of examining the circumstances of every contractor in the time available. From the prepared list certain firms are invited to tender, and a final choice is made from the original contracts. Where extensions of the original plan are necessary, further contracts are usually placed with firms on the spot, which have labour and plant available.

The sub-committee add that they have had many complaints that one or two big firms seemed to get all the contracts. Evidence is, however, conflicting, and the sub-committee have not had time to investigate these complaints in every detail, but they think in some instances more use might have been made of local contractors. Cases have been known in which the contractor chosen has had to hire plant from some of the smaller local firms, who naturally feel it as a grievance that they were not given the chance to tender, and so to use their own idle plant. Local firms, it is pointed out, understand local customs, and may have less difficulty with local labour than an outside firm. The sub-committee urge the desirability of employing local contractors wherever possible.

*"During their visit the sub-committee were greatly perturbed at the apparent idleness of the workmen on the site. The contractors' labour is obtained through the ordinary Employment Exchange machinery, and the large demands of the Government war-time building programme have led in some cases to the necessity of engaging labour of poor quality. The sub-committee recognise the validity of this argument, but it leads directly to the answer that adequate supervision becomes more than ever necessary."*

*Continued on Page 143.*

# R.A.F. Reply to Jon Evans

*(This letter deals with Jon Evans' article in the April issue of "Left"—"The War Can Be Shortened.")*

R.A.F. Somewhere in the South-West.

DEAR EDITOR,—My hearty congratulations to you and the Editorial Board for the way you continue to run (*Controversy*) *Left* (and I have been a reader from the first issue) and for your determination in the face of terrific difficulties to keep the paper on the bookstalls.

My main criticism is to some extent answered by the "Important Announcement" on the back cover of the April issue and the setting up (or shall I say resuscitation) of the Discussion Groups—an excellent move, particularly if the conveners remember that under war conditions it is necessary to take heed of the very full life we are all leading and organise *inside* the various Civil Defence organisations, etc., rather than advertise and expect a group to be formed as would, say, a W.E.A. class in autumn 1938.

I wonder whether your contributor Jon Evans is living in Great Britain or has posted his article from a shack in the Middle West of U.S.A. After five months in the Forces one's ability in spite of so-called Forces education) to critically analyse an article is not too good, but I would ask Jon Evans the following: *Page* 74.

Could one organise under present conditions any popular support for even, say, a break of the electoral truce?

Did not Evans' so-called "suicide" of the Labour Party on joining the Government have a stiffening effect on the population as a whole to resist "Nazidom" (I use this word as a Socialist) and contribute to the manner in which the Luftwaffe was defeated last September—and for the manner in which the masses have reacted to bombing since?

Has Jon Evans been round the bombed areas? If he has, how would he like the job of an election agent? Mentally the people do not want an election because a Government which is united or even appears so) sounds like a "victory note." God—a political crisis now would make millions of stout hearts falter, even when sudden death from an H.E. and a shortage of many things most dear (like fags) don't prevent people doing a ten-hour day.

It is not a case of being on capitalism's side to win; as events to date show, "capitalism" can't win, and before the day of peace dawns I think no one will recognise this country as the capitalist country of 1939.

At a meeting in London in 1938 I heard a defeated Labour candidate say that the people in his constituency were more interested in a sewage plan locally than the Spanish War (and didn't we put out some literature and demonstrate on "Spain" in London). Well, it seems to me that everyone I meet is keenly concerned about the bombing and all the grief it has brought,

food, and the welfare of their relatives in bombed areas or the Forces. Tell Jon Evans that the "official excuses" plus air raid distress, in my view do supply the answer for the Labour Party's slump. Tell him I've just been down to the A.R.P. post as a bomb dropped nearby (in the raid now on) and I found all the over forties of our local Labour Party working like hell nearby to rescue people. Would he have me remind them that a meeting has not been held for two months or that we should get busy on a political canvass?

Please excuse this rather rambling note, but in the R.A.F. (in spite of one's best intentions) one gets stale. I sincerely trust in these difficult times that you do have a glimpse of the "sun" and that you'll be fit and well when the day of reckoning and rebuilding comes—we shall need you.

Every good wish,

"OLD STUDENT NOW IN R.A.F."

P.S.—My friend and I, having read Fenner Brockway's article (in March), think "Cameronian" (April) to be on firm ground and to have written a *very* convincing reply.

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*Continued from page* 141.

Another answer which has apparently not occurred to the sub-committee is that full and frank consultation with local trade union organisations might help considerably to solve these problems.

The sub-committee state that the whole labour problem is aggravated by the acute shortage of housing in the district.

Attention is called to a wastage of material in the steel fence which surrounded the site visited. The fence consisted of steel uprights placed very close together. *"This type of fence is of pre-war design, and is standardised for all factories. It obviously uses a great quantity of material. At the present time, when steel is in short supply, the sub-committee consider that such a fence is hard to justify and that it should be possible to design one which, while serving its purpose equally well, will require less steel.*

*"Furthermore, inside there is another fence, not yet completed, which was ordered by the War Office, apparently without previous consultation with the local military authorities. A considerable sum of money has already been spent and much more will have to be expended to complete it to the original plan. The sub-committee regret that they have to draw attention once again to a lack of co-ordination between headquarters and those on the spot, and hope that further investigation will take place before it is decided to spend any further money."*

(The commentary on the Report is reprinted from the May issue of *Labour,* the organ of the T.U.C.)

# America: F. A. RIDLEY OBJECTS

Dear Comrade,

In the May issue of "Left" a book is advertised — by C. J. Hitch — which is alleged to have the merit, inter alia, of correcting the "arbitrary assumptions" in my recent pamphlet, "Wall Street versus Wilhelmstrasse."

May I point out that I made four major "assumptions" in the aforesaid pamphlet;

(a) To regain its European ascendancy Britain must either ally itself to America or become the leader of an anti-fascist revolution.

(b) That the British ruling class, when faced with this inevitable dilemma, will prefer America.

(c) That American finance capital —"Wall Street"— will be compelled by its fundamental interests to intervene actively in the war.

(d) That, in the event of an Anglo-American victory, America will necessarily become the leading world-power, with Britain (and Europe) as her vassal.

I may add that I never stated anywhere that every American capitalist interest agreed with this policy: for that matter, socialism is the historic policy of the British workers, despite the obvious fact that most of them support the British Labour Party—now, more than ever, the last hope of British Imperialism!

May I ask which of the above "assumptions" in my pamphlet are "arbitrary." Surely the first three are by now self-evident. Even the last, still future, one is powerfully suggested by the overwhelming defeat of the formerly ubiquitous "Isolationists."

In my opinion, the hope of any "new order" arising in Europe out of an Anglo-American victory is pure illusion and wishful thinking. The historic policy of British capitalism with relation to the European Continent has existed since Elizabeth and is dictated by inexorable geographic and strategic considerations. Historic evolution has, I suggest, both made European unity ultimately inevitable, and demonstrated the impossibility of holding Germany down permanently. The only conceivable results of an Anglo-American victory will be: fresh militarist-nationalist risings on the subjugated European continent; a fresh recrudescence of Fascism; and, in time, another imperialist war. It may be "arbitrary," but, somehow I feel justified in assuming that the Socialist United States of Europe will not be founded by Winston Churchill!

Finally, in view of the present deplorable tendency to sneer at "generalisations" and "theorising" may I unrepentantly state that I still prefer to use the term "forest"—a theoretical generalisation! — rather than to follow the empirical method and laboriously to count one by one the entire number of trees.

Fraternally,

F. A. RIDLEY.

[Owing to an unfortunate error what should have appeared as a number of short reviews appeared in the form of advertisement and the views expressed were of course those of the reviewer and not of the Editors. Our reviewer asks F. A. Ridley how he would fit the article by I. F Stone which appears in this issue into his Wall Street pattern?—Ed.]

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C. A. SMITH,
Editor.

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